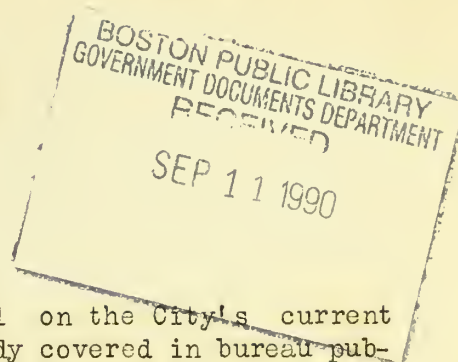


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BOSTON MUNICIPAL RESEARCH BUREAU
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BOSTON TAX RATE - 1947

Establishment of the \$46.50 tax rate sets the seal on the City's current budget. Rather than dwell upon tax rate factors already covered in bureau publications, the Municipal Research Bureau believes that comment at this stage should be confined to a few basic issues.

Municipal Expenditures

On the expense side of the City's tax budget, by far the most important factor was the \$10,000,000 increase in departmental operating costs. While in substance this rise was a product of inflation, it is a fact that additional costs were simply piled on an extravagant scheme of municipal expenditures.


No small part of the increase can be traced directly to the General Court, which added to local expense by liberal legislation with respect to tenure, salaries and wages, working hours, and pensions. Home rule has all but broken down under a series of mandatory expenditures originating at the State House. Groups unable to get local officials in line have merely turned to their legislators for special treatment.

Expenditure Controls. There has been no concerted effort to offset rising costs by improving municipal operations. While the City has talked about or even tried devices for expenditure control, it has neglected to carry out its own announced policies. For example, the municipal survey committee, originally created to help the City improve its business methods, was allowed to decay and was then abandoned. Such recent maneuvers as the citizens advisory committee and the employees suggestion campaign could only be characterized as window-dressing.

Official pronouncements with regard to personnel savings and the enforcement of a "no-hiring" policy do not agree with actual payroll trends and are not reflected by the city budget. Repeated urgings that Boston initiate a management and engineering survey to get at the root of its expenditure problem have been regularly brushed aside.

Economy Moves. Some signs of reaction against mounting costs are becoming apparent. The current drive for new taxes started a counter demand for curbing expenditures. The General Court has at least recognized this insistence by setting up another interim commission to locate economies in both state and local government. More recently the Governor advised the state Commission on Administration and Finance to secure his approval before filling personnel vacancies and to report weekly on progress toward making economies.

In Boston the Temporary Mayor has ordered department heads to clear all personnel changes with the Budget Commissioner, to protect budget balances, and to comply with purchasing safeguards. This order represents a definite tightening of administrative control. While the order does not look toward substantial savings, it should nevertheless check sources of serious abuse.



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Municipal Revenue

On the revenue side of the tax budget, the City benefited materially from certain windfall items. Departmental income rose appreciably. The Governor was responsible for the upward revision in the estimated distribution of income and corporation taxes to Boston. Surplus revenue was found to be available for appropriation for the first time in fifteen years.

An unsuccessful attempt was made in the legislature to provide increased state aid for the purpose of property tax relief. In the case of Boston, this program was designed to furnish the City with substantial state assistance for teachers salaries, highway maintenance and development, and public welfare payments. Local tax rates all over the Commonwealth are pressing forty and fifty dollars, and the question of revising state and local taxes and overhauling state-local fiscal relations will doubtless be revived.

As noted in the press, the Temporary Mayor decided against the use of a welfare loan to swell miscellaneous income and thereby lower the tax rate. Through borrowing the City might have reduced the 1947 rate by approximately a dollar and a half. Any such loan, however, would have been only a temporary expedient and would have provided no real tax relief.

Real Estate Taxation

In the absence of new revenue, the bulk of the City's additional costs necessarily came back on the property tax levy, which increased by \$8,000,000. The tax rate itself rose \$4.50. Boston is thus in the position of once more having one of the very highest tax rates and proportionate tax levies among the large American cities. Below is a summary of the tax rate computation for 1946 and the current year.

Tax Rate Computation

	<u>1946</u>	<u>1947</u>
Departmental Maintenance:		
City Departments	\$49,701,252	\$57,291,445
County Agencies	4,089,329	4,511,229
School Departments	17,575,792	19,675,135
Other Estimated Expense	13,410,293	14,135,528
Total	<u>\$84,776,666</u>	<u>\$95,613,337</u>
Miscellaneous Revenue	22,430,583	25,457,657
Net Requirements	<u>\$62,346,083</u>	<u>\$70,155,680</u>
Overlay Reserve	2,182,113	2,319,726
Tax Levy	<u>\$64,528,196</u>	<u>\$72,475,406</u>
Assessed Valuations	1,536,385,600	1,558,610,900
TAX RATE	\$42.00	\$46.50

July 11, 1947

